

Title: 16 new ports to boost coastal shipping, trade

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The struggling Indian maritime industry, which hardly found mention in union budgets for so many years, can finally look forward to some "achhe din".

Union Finance Minister Arun Jaitley had a bit for everything that makes up the maritime sector, namely ports, ship building, ship breaking, coastal shipping as well as chartering

For most in the industry, the biggest takeaway was Jaitley's announcement of awarding 16 new port projects this year, more importantly with a focus on hinterland connectivity. "At last, there is some recognition that lot needs to be done in ports sector. Building 16 new ports has created a huge potential for coastal shipping that can decongest the roads from the ever-increasing number of transport vehicles," said Raj Khalid, Mumbai-based infrastructure expert.

Rajiv Agarwal, managing director and CEO, Essar Ports, said, "The 16 new port projects and 37,880 crores investment for road infrastructure development will provide much required boost for transportation sector and connectivity."

However, experts say that merely inviting private firms to build ports is not enough. "Once awarded the project, a developer wastes two years in just getting approvals. Government needs to do away with the myriad approvals and the retrograde land acquisition laws to speed up port development," said Suren Vakil, managing director, BMT Consultants India, a maritime consultancy firm.

Anand Sharma, director, Mantrana Maritime Advisory Pvt Ltd, said, "Having more ports will spur lot of port-related activities in the locations where they would come up. This would in itself have a big economic benefit."

The budget has also given a reason for shipbreakers in Alang, the biggest graveyard for ships in Asia, to cheer. "The reduction in basic custom duty on ships imported for breaking to 2.5% from 5% will result in a saving of Rs 500 per tonne, which is significant," said Jivraj Patel, a ship breaker.

Shipbuilding firms, which are in troubled waters due to low chartering rates and glut of vessels, also see a ray of hope in the comprehensive shipbuilding policy to be announced this year. "Ship builders import up to 70% of the components and lowering the import duty will be big boost. Also, the bank guarantee asked for by the customs department ought to be done away with," said Capt Gopal Jha, president of Bharati Shipyard.